

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Review of Regulatory Requirements for	)	CC Docket No. 01-337
Incumbent LEC Broadband	)	
Telecommunications Services	)	

**COMMENTS OF WOMEN IMPACTING PUBLIC POLICY**

**REPLY COMMENT CYCLE**

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April 22, 2002

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## **I. INTRODUCTION**

Women Impacting Public Policy (WIPP) is an organization of over 250,000 small women business owners. Our members represent the small business segment with 1-100 employees. WIPP believes that it is important for the voice of this segment of the business community to be heard because of the impact of broadband services on the operation of our businesses.

WIPP believes that through increased deployment of broadband services, greater advantages can be provided to the small business community. Increased deployment hinges on regulatory relief that will allow a group of broadband service providers (traditional telephone companies) to build more infrastructure. Increased access to broadband services will create more competition in the market. Competition is the driving force - it levels the playing field for small businesses, and encourages them to expand by spending dollars and taking risks in order to gain revenue. With competition, small business owners will gain more and better service offerings at competitively driven prices versus regulatory based prices.

WIPP supports the deregulation of the broadband service offerings by the traditional telephone companies because of the benefits it will bring to our member businesses.

## **II. IMPACT OF BROADBAND SERVICES ON SMALL BUSINESSES**

Broadband services offer many advantages for the businesses that make-up our organization. Our member businesses operate with small staffs, therefore, efficiency of operation is important as is maximum use of technology. Access to broadband services

can reduce staff time for research, finding sales leads, making purchasing decisions and obtaining general business information. Customer relations can also be improved because broadband services allow small businesses easier contact with their customers, and gives them the access and the ability to offer their products and services on line. These advantages help our member businesses operate more efficiently and effectively.

While broadband services offer these advantages, only 24% of small businesses have high speed access using any current technology.<sup>1</sup> This level of usage may be based on several factors including lack of knowledge of the advantages of broadband services and lack of deployment. Increased access will provide more information on the availability of the services and their benefits, and more applications will then be made available that support the small business segment.

### **III. IDENTIFICATION OF INCUMBENT LEC (LOCAL EXCHANGE CARRIER)-PROVIDED BROADBAND SERVICES MARKET**

#### **1. IMPORTANCE OF SMALL BUSINESS INTERESTS**

WIPP believes that the interests of small businesses have not been properly addressed in the debate over the offering of broadband services. As stated above, these services have a direct and important impact on the operation of our member businesses. It is our belief that the Federal Communications Commission (FCC) should expressly consider the interests of small businesses when deciding on the proper regulatory scheme for broadband. Small businesses make up the largest number of

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<sup>1</sup> Joseph S. Kraemer, Small Business Market High-Speed Access: Projected Total and Addressable Markets with Penetration Scenarios, LEGC (2002).

business in our country: they represent more than 99% of all employers, employ 51% of private sector workers and represent nearly all of the self-employed – which are 7.0% of the work force.<sup>2</sup> America's small business provides about 75% of the net new jobs and provides 51% of the private sector output.<sup>3</sup> Without a doubt, small business has a major impact on the nation's economy. Therefore, it is important for the FCC to recognize the importance to small businesses of promoting competition and investment in broadband services by deregulating the provision of broadband by traditional telephone companies.

## 2. NATURE OF BROADBAND MARKET

In today's broadband market there are several different types of offerings: cable modem, satellite and fixed wireless. Of these offerings, cable modem has 63% of the market.<sup>4</sup> In addition, more customers have access to cable provided broadband services than any other current product offering.<sup>5</sup> These statistics tend to indicate that the dominant player in the broadband market is cable and not the DSL service offered by the traditional telephone companies.

The fact that there is more than one type of broadband service offering clearly indicates that intermodal competition in the broadband market exists. In 1995 the FCC determined that AT&T no longer dominated the long distance market because the service offering had

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<sup>2</sup> Statistics from Office of Advocacy, Small Business Administration.

<sup>3</sup> Id.

<sup>4</sup> JP Morgan, "The Cable Industry," Cahner's In -Stat (November 2, 2001).

become "substantially competitive."<sup>6</sup> Similarly, the FCC should now find that the broadband services offered by the traditional telephone companies is "substantially competitive."

### 3. GEOGRAPHICAL SCOPE

Broadband technology allows users access to data anywhere they may be located. It is not bound by geography. While the market for traditional telephone service may have been local, this is not true for broadband services. Data provided to consumers comes from many sources: local, national and international. In this high speed technological world it seems inappropriate to geographically classify the service.

As users travel from one location to another their ability to access data using various broadband services continues to increase. In this very mobile society the old regulatory rules no longer apply, therefore, the FCC should consider removing regulatory classifications that would limit or define broadband service offerings based on geographical location.

## IV. APPROPRIATE REGULATORY REQUIREMENTS

As stated in III, 2., above, the traditional telephone companies are not the dominant provider of broadband services. Today, our members have choices of other offerings by other types of companies. Therefore, it is appropriate to

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<sup>5</sup> Id.

\*Statistics from US Small Business Administration's Office of Advocacy.

<sup>6</sup> Motion of AT&T to be Reclassified as a Non-Dominant Carrier, Order, 11 FCC Recd 3271, 3283 (1995) (AT&T Reclassification Order).

remove the current regulatory requirements that treat broadband services like traditional voice services.

The removal of regulatory barriers would provide incentives for additional investment in the broadband infrastructure. Greater broadband deployment by the traditional telephone companies will also provide incentives for other companies to enhance their infrastructure. Consumers can only benefit from a greater availability of this high speed technology with increased products and services.

Traditional regulation has existed to protect consumers and to provide new companies with an opportunity to enter the market. The current competitive nature of the broadband market indicates that the traditional protection for new businesses is no longer needed. In fact, the companies who have the dominant share of the market are not small or new businesses but large companies that are well established in the telecommunications industry. WIPP believes that the provision of broadband services should not be regulated. Today, the FCC does not regulate the provision of broadband services by companies other than the traditional telephone companies. For competition to truly flourish all providers must be able to offer the same service on a fair and equitable basis.

## **V. CONCLUSION**

The membership of WIPP constantly seeks ways to enhance and grow their businesses. As with large businesses, controlling costs and operating more efficiently and effectively impacts the bottom line for small businesses. Broadband services provide benefits to small business owners by allowing them

to reduce costs, be competitive, and manage their businesses better. Today, broadband services are not available to all of our members. It is our desire to see greater deployment of the broadband infrastructure and more competitive offerings in this market. It is our belief that the removal of the current regulatory barriers will facilitate greater deployment and competition in the provisioning of broadband services.

Respectfully submitted,

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